

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**
(Company No. 374265 - A)
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 31 JAN 2015**

A1. Basis of preparation

This interim financial report have been reviewed by the Company's external auditors as directed by Bursa Malaysia vide its letter 17 December 2014.

This interim financial report is unaudited and has been prepared in compliance with the Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting Standards and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa").

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2014.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 April 2014 except for the adoption of the following new amendments:-

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10 : Consolidated Financial Statements
Amendments to MFRS 12 : Disclosure of Interests of Other Entities
Amendments to MFRS 127 : Consolidated and Separate Financial Statements
Amendments to MFRS 132 : Financial Instruments : Presentation (Offsetting
Financial Assets and Financial Liabilities)
Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139 : (Novation of Derivatives and Continuation of Hedge
Accounting)

Effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 119 : Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of the above will not have any material impact on the financial statement of Group upon their initial application.

A3. Audit Report

The audit report for the financial statements of the Group for the financial year ended 30 April 2014 was not qualified.

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A4. Seasonal or Cyclicity of Interim Operations

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

A5. Exceptional / Extraordinary Items

There were no exceptional or extraordinary items for the current financial period.

A6. Changes in Estimates

There were no changes in estimates of the amounts reported in the prior financial years that have a materials effect in the current quarter.

A7. Debts and Equity Securities

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellation and resale of treasury shares for the current financial period except for:

- 1) Cancellation of 1,000 treasury shares on 03/10/2014.
- 2) Rights issue of up to 40,637,005 new ordinary shares of RM0.25 each together with 40,637,005 free detachable warrants pursuant to the Rights issue with warrants exercise which was completed on 22 January 2015.

A8. Dividend Paid

No dividend was paid during the current quarter.

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A9. Segmental Information

Business Segments (31st Jan 2015)

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products RM '000	Discontinued Business RM '000	Elimination RM '000	Consolidated RM'000
Revenue from				
External Customers	102,464	265	--	102,729
Inter-segment revenue	--	364	(364)	--
Total Revenue	<u>102,464</u>	<u>629</u>	<u>(364)</u>	<u>102,729</u>
Profit	5,229	94	--	5,323
Unallocated Expenses				(708)
Interest Income				63
Finance Costs				(3,876)
Share of loss of associate				--
Profit before Taxation				<u>802</u>
Income Tax Expenses				<u>(1,290)</u>
Net Loss for the Period				<u>(488)</u>

Business Segments (31st Jan 2014)

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products RM '000	Discontinued Business RM '000	Elimination RM '000	Consolidated RM'000
Revenue from				
External Customers	114,168	738	--	114,906
Inter-segment revenue	--	312	(312)	--
Total Revenue	<u>114,168</u>	<u>1,050</u>	<u>(312)</u>	<u>114,906</u>
Profit	6,765	163	--	6,928
Unallocated Expenses				(793)
Interest Income				79
Finance Costs				(3,866)
Share of loss of associate				--
Profit before Taxation				<u>2,348</u>
Income Tax Expenses				<u>(1,432)</u>
Net Profit for the Period				<u>916</u>

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A10. Property, Plant And Equipment

The revaluation of land and buildings have been brought forward, without any amendment to the previous annual financial statement.

A11. Material Events Subsequent to the Interim Period

There were no material events subsequent to the quarter ended 31 Jan 2015.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group.

A13. Change in Contingent Liabilities or Contingent Assets

As at 31 Jan 2015, the Company has given a guarantee of RM48 million to banks and financial institutions for its subsidiaries' banking facilities.

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**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING
REQUIREMENTS**

B1. Review of Performance

The Group recorded a profit before taxation of RM1.196 million for the current quarter as compared to a profit before taxation of RM1.048 million for the corresponding quarter last year.

The segmental performance analysis is as follows:

I) Analysis of Current Quarter Performance

	Current Quarter Ended 31 Jan'15	Preceding Year Corresponding Quarter 31 Jan'14	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Labels	36,140	41,858	(5,718)	(13.7)
- Discontinued Business	30	704	(674)	(95.7)
Operating Profit / (Loss)				
- Labels	2,854	2,180	674	30.9
- Discontinued Business	4	111	(107)	(96.4)

Labels segment

For the quarter ended 31 Jan 2015, the labels revenue decreased by 13.7% to RM36.140 million from RM41.858 million achieved in the corresponding quarter of the last year.

The label segment recorded an operating profit of RM2.854 million for the quarter ended 31 Jan 2015 as compared to the operating profit of RM2.180 million for the corresponding quarter last year. The increase in the operating profit was mainly due to foreign exchange gain and production efficiency.

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Discontinued business segment

For the quarter ended 31 Jan 2015, the discontinued business revenue decreased by RM674,000 to RM30,000 from RM704,000 achieved in the corresponding quarter of the last year.

This business recorded an operating profit of RM4,000 for the quarter ended 31 Jan 2015 as compared to the operating profit of RM111,000 for the corresponding quarter last year. The decreased in the operating profit was mainly due to lower revenue.

II) Analysis of Nine Months Performance

	Period Ended	Corresponding	Variance	
	31 Jan'15	Period Ended		
	RM'000	31 Jan'14	RM'000	%
		RM'000		
Revenue				
- Labels	102,464	114,168	(11,704)	(10.3)
- Discontinued Business	629	1,050	(421)	(40.1)
Operating Profit / (Loss)				
- Labels	5,229	6,765	(1,536)	(22.7)
- Discontinued Business	94	163	(69)	(42.3)

Labels segment

For the period ended 31 Jan 2015, the labels revenue decreased by 10.3% to RM102.464 million from RM114.168 million achieved in the corresponding period of the last year.

The labels segment recorded an operating profit of RM5.229 million for the period ended 31 Jan 2015 as compared to the operating profit of RM6.765 million for the corresponding period last year. The decrease in the operating profit was mainly due to the lower revenue.

Discontinued business segment

For the period ended 31 Jan 2015, the revenue decreased by RM421,000 to RM629,000 from RM1.050 million achieved in the corresponding period of the last year

This segment recorded an operating profit of RM94,000 for the period ended 31 Jan 2015 as compared to the operating profit of RM163,000 for the corresponding period last year. The decrease in the operating profit was mainly due to lower revenue.

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B2. Comparison with the Preceding Quarter's Results

The Group recorded a revenue of RM36.170million as compared to RM33.453 million for the preceding quarter, representing an increase of RM2.717 million (8.1%), profit before taxation of RM1.196 million compared to loss before taxation of RM0.179 million for the preceding quarter. The increase in profit before taxation was mainly due to higher revenue and foreign exchange gain.

B3. Current Year Prospects

The outlook of the Group remains challenging for the financial year ending 30 April 2015 amid the uncertainty of the global economy and the competitive conditions.

B4. Profit Forecast or Profit Guarantee

The Group did not announce or disclose any profit forecast or profit guarantee in a public document.

B5. Board of Directors Statement on Internal Targets

The Group did not announce or disclose any profit estimates, forecast, projections or internal management targets in a public document.

B6. Taxation

	Current Quarter
	<u>RM'000</u>
Income tax	
- Current expenses	388
	=====

The Group's tax charge for the period relates to the reversal of the deferred tax of certain subsidiaries.

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B7. Status of Corporate Proposal

There were no corporate proposals announced from the date of last quarterly report to the date of this announcement except for the multiple proposals (inclusive par value reduction, fund raising, and amendments to memorandum and articles of association) that were announced on 24 June 2014, 1 August 2014, 15 August 2014, 25 Nov 2014, 8 Dec 2014 and 15 Dec 2014. The multiple proposals had been completed on 22/01/2015.

Status of utilisation of proceeds

As at the date of this announcement, the total proceed of RM12.191 million arising from the Rights Issue exercise was utilised as follows.

Purposes	Proposed utilisation	Actual utilisation	Balance	Time frame for utilisation
Repayment of bank borrowings	9,000	8,754	246	Within twelve months from completion
Purchase of machinery	932	--	932	Within twelve months from completion
Working capital	1,659	1,659	--	Within six months from completion
Estimated expenses in relation to the Corporate Exercises	600	266	334	Upon completion
	12,191	10,679	1,512	

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B8. Group Borrowings and Debt Securities

Group borrowings and debt securities as at the end of the reporting period are as follows:

	<u>Year Ended</u> <u>Jan'15</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>
<u>Short Term Borrowings</u>		
Bankers' Acceptance - Secured	12,349	13,891
- Unsecured	4,939	5,221
Term Loan - Secured	1,537	1,427
- Unsecured	--	--
Bank overdraft - Secured	1,214	7,764
- Unsecured	--	32
Trust receipts - Secured	--	--
- Unsecured	--	--
Short Term Loan - Secured	--	1,565
- Unsecured	25,475	22,233
Finance Lease and Hire Purchase Liabilities	<u>4,576</u>	<u>5,346</u>
	<u>50,090</u>	<u>57,479</u>
<u>Long Term Borrowings</u>		
Term Loans - Secured	8,994	10,691
- Unsecured	--	--
Finance Lease and Hire Purchase Liabilities	<u>2,747</u>	<u>4,149</u>
	<u>11,741</u>	<u>14,840</u>

The borrowings' currency breakdown as per follows:

	<u>Year Ended</u> <u>Jan'15</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>
RM	26,078	35,609
RMB	30,037	30,254
THB	5,098	5,649
USD	342	494
SGD	<u>276</u>	<u>313</u>
	<u>61,831</u>	<u>72,319</u>

B9. Material Litigation

There is no material litigation for the period ended 31 Jan 2015 and as at 26 March 2015.

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B10. Dividend Payable

No dividend has been proposed for the period ended 31 Jan 2015.

B11. Earnings Per Share (EPS)

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of the parent and the weighted average number of ordinary shares in issue during the period.

	<u>Current Quarter</u>
Profit/ (Loss) attributable to Shareholders (RM)	807,949
Weighted Average Number of Ordinary Shares	101,828,468
Basic Earnings/ (Loss) Per Share (Sen)	0.79
Weighted Average Number of Ordinary Shares (Diluted)	106,394,532
Diluted Earnings/ (Loss) Per Share (Sen)	0.76

B12. Disclosure of Realised and Unrealised Profit / (Loss)

	As at 31 Jan 2015 RM'000	As at 31 Jan 2014 RM'000
Total Retained Profit/ (Loss) : -		
i) Company and subsidiaries		
- Realised profit/ (loss)	3,653	20,870
- Unrealised profit/ (loss)	<u>(135)</u>	<u>(2,801)</u>
	<u>3,518</u>	<u>18,069</u>
ii) Associate		
- Realised profit/ (loss)	(2)	(2)
- Unrealised profit/ (loss)	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(657)	(4,930)
Total	<u>2,859</u>	<u>13,137</u>

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B13. Notes For Statement of Comprehensive Income

	<u>Period Ended</u> <u>Jan'15</u> <u>RM'000</u>	<u>Period Ended</u> <u>Jan'14</u> <u>RM'000</u>
a) Interest income	63	79
b) Other income including investment income	396	144
c) Interest expense	3,876	3,866
d) Depreciation and amortization	7,919	9,790
e) Provision for and writing off of receivables	(128)	155
f) Provision for and writing off of inventories	(230)	320
g) Gain/ (loss) on disposal of quoted or unquoted investments or properties	--	(1)
h) (Impairment)/ Reversal of impairment of assets	(31)	--
i) Foreign exchange gain/ (loss)	708	(173)